

---

# MITIGATING THE IMPACTS OF CONSOLIDATION EFFORTS

14 March 2003

Tab Austin  
Daniel Damanskis  
John Heckmann  
Lawrence Herndon  
Joanne Lazzara

---

AMP



**Tench Francis**  
**School of**  
**Business**

# Table Of Contents

---

- Proposal Overview
- Case Study Overview
- Customer Service Strategy
- Knowledge/Creativity  
Strategy
- Transition Strategy
- Wrap Up



# Regionalization “Rule of Three”

---

**No tenant should do what a host  
can do more cost effectively**

**No host should do what a complex  
can do more cost effectively**

**No complex should do what the  
surrounding community can do  
more cost effectively**



# Proposal Overview

---

- Consolidation recognized as a tremendous benefit
- Changes present challenges to organization's
  - Customer service
  - Corporate knowledge and creativity
  - Productivity and readiness
- Mitigation ideas for consolidation planners



# PWC-FISC Case Study

---

- Material Department Transition
  - Reorganize its Material Support business line
  - Deliver quality service support across the organization with less internal management resources.
  - Reduce shore installation operating budgets by delivering services centered on core competencies.
- Regionalization Environment
  - Deliver world-class support to our Forward Deployed Naval Forces
  - Properly align regional resources
  - Center operations on core competencies
  - Maximo/U2 interface/Residual Asset Management
  - Provide 24/7 logistics solutions

# PWC-FISC Case Study

---

- Proposal
  - Planning, coordination and management of material/supply function to ensure customer support and economy of operations.
    - Procurement, Inventory, Supply Operations, Material Management
- Consolidated Industrial Support Department
  - Provide a cost savings and additional efficiencies while maintaining or improving the level of supply support
  - Significant reduction in PWC overhead
  - Manpower reorganization
  - Simplify the material function for the PWC customer

# Customer Service Strategy

---

- Impact from consolidation
    - Confusion, miscommunication, loss of service
  - Determining need for customer interaction
    - Who controls function?
    - Who is the customer?
    - Can smaller unit service customer?
    - Can single liaison service customer?
    - Can “virtual” storefront (IT) service customer?
    - Can streamlined process compensate for reduced staff?
  - Case Study Comparison
- 



# Knowledge/Creativity Strategy

- Knowledge capital and creativity
  - One of organization's most important assets
  - Does not reside exclusively in the heads of employees.
  - Must be protected cultivated and shared
- How to retain:
  - Mentoring/Coaching
  - Sharing Best Practices
  - Sharing Lessons Learned
  - Documentation



# Transition Strategy

---

- Significant changes require time to adjust
  - Short Duration Transition
    - Applicable to simple transitions
    - Realize benefits sooner
    - Highly effective for implementing a new IT
    - PWC/FISC example
      - Minor organizational/process change
      - Immediate functioning with the new process
-

# Transition Strategy

---

- Phased/Long Duration Transition
  - Planned and allow for training/adaption
  - Minimize the loss of productivity
  - Consolidation scenario
    - Remote locations are to be organized under a regional command
    - Changes to chain of command, organizational staffing, processes

# Transition Strategy

---

- Stages
    - 1) Adapt to new command structure
    - 2) Implement process changes
    - 3) Implement applicable staffing reductions/relocations
  - Example of Claimant  
Consolidation of Housing function
    - Initial “as-is, where-is” policy
    - Time to adapt to processes changes
    - Functionality assessment to drive staff reductions
- 



# Wrap Up

---

- Customer Service Strategy – How will customer service be maintained during and after the consolidation effort?
    - Need for customers to interact in person?
    - Will virtual storefront work?
    - Can process streamlining meet customer needs?
  - Strategy to Retain Corporate Knowledge and Creativity – How will the consolidation affect our human resources?
    - How can an over-the-horizon office be effectively supported by a consolidated main office?
    - How can knowledge loss from staff reductions be mitigated?
  - What knowledge/jobs must be retained?
- AMP



# Wrap Up

---

- Transition Strategy – How will the consolidation effort be implemented to minimize impacts to productivity and customer service?
  - Consideration for
    - process changes,
    - customer interaction,
    - personnel changes,
    - concurrent/non-concurrent changes



# Wrap Up

---

## General Regionalization Lessons for Success:

- Develop/use same set of guidelines/standards
- Streamline central functions but leave day-to-day functions at activity level
- Standardization of quality across the region... locations previously overlooked not get attention
- Share best practices so other regions can benefit
- Out-sourcing...right-sourcing because a sourcing decision should be made only after applying sound business analysis  
AMP
- Top management commitment

